
Finance Committee

HB 2123

Brief Description: Reducing the business and occupation tax rate on the business of printing, and of publishing newspapers, magazines, or periodicals.

Sponsors: Representatives Kessler, Blake, Ericks, Takko, Wallace, Morris, Lias, Hunt, Kelley, Green, Quall, Sullivan, Miloscia, Van De Wege and Ormsby.

Brief Summary of Bill

- Reduces the business and occupation tax rate for printing and publishing of newspapers, magazines, and periodicals from 0.484 percent to 0.2904 percent of gross income.

Hearing Date: 2/20/09

Staff: Joseph Archuleta (786-7192)

Background:

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state without any deduction for the costs of doing business. Businesses must pay B&O tax even though they may not have any profits or may be operating at a loss. Major tax rates are 0.484 percent for manufacturing and wholesaling, 0.471 percent for retailing, and 1.5 percent for services; several lower rates also apply to specific business activities.

The printing and the publishing of newspapers, magazines, and periodicals are taxed under a special tax provision. Printing activity is subject to the B&O tax rate of 0.484 percent. Taxpayers that both print and publish books, music, circulars, and other materials are taxed at the same 0.484 percent rate. Publishers that do not print their own material are taxed at the retailing rate (0.471 percent) or wholesaling rate (0.484 percent) on sales of the material, and at the services rate (1.5 percent) on income received from advertising. However, publishers of newspapers, magazines, and periodicals are taxed at the lower 0.484 percent rate.

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A newspaper is a regularly issued publication (at least twice a month) that is printed on newsprint in tabloid or broadsheet format folded loosely together without a binding. A periodical or magazine is a regularly issued, printed publication (at least once every three months), other than a newspaper, and includes supplements and special editions.

Summary of Bill:

Reduces the business and occupation tax rate for printing and publishing of newspapers, magazines, and periodicals from 0.484 percent to 0.2904 percent of gross income.

Requires persons or businesses claiming this preferential tax rate to complete and electronically file an annual report with the Department of Revenue.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect July 1, 2009.